



HANDOUTS

Long-Term Care System Task Force

September 16, 2004

Iowa Health Care Association/Iowa Center for Assisted Living Presentation

DISCLAIMER

The Iowa General Assembly is not responsible for the content of the handouts, nor is any endorsement made of the handouts. These handouts are documents provided to the committee by other parties at meetings and are placed on the General Assembly website as a convenience.



6750 Westown Parkway, Suite 100, West Des Moines, IA 50266-7726

phone 515.327.5020 ■ toll-free 800.422.3106 ■ fax 515.327.5019



www.iowahealthcare.org ■ ihca@iowahealthcare.org ■ ical@iowahealthcare.org

Long Term Living in Iowa

Since 2000, The Iowa Health Care Association (IHCA) and Iowa Center for Assisted Living (ICAL) have worked with state and federal policymakers to begin the process of “rebalancing” long term care in Iowa. Our members have already made significant changes in the type of services offered and the way they provide services. IHCA and ICAL continue to recognize and support the long term care mission enacted in the 2000 legislation that began to redefine Iowa’s long term care system. Future policy decisions should continue to carefully consider and balance service quality, access, and cost.

Iowa Code 249H: Goal of Iowa’s Senior Living legislation enacted in 2000:

“The goal of the long term care system in Iowa is to create a comprehensive long term care system that is consumer-directed, that provides a balance between the alternatives of institutional and home and community care services, and contributes to the quality of the lives of Iowans.”

Progress Made in Rebalancing the System Since 2000

(See charts on page 3.)

- In SFY ‘04, **5,539** older adults (over age 65) received services through the elderly waiver home and community based waiver program. This is an increase of **43 percent** since 1999 and reflects an average increase of **18 percent** a year. At this rate, by SFY ‘10, Iowa Medicaid will be providing services to **15,207** older adults.
- In SFY ‘04, **13,803** older adults received services daily in skilled nursing facilities. This is a decrease of **9 percent** since 1999 and reflects a **-2%** annual decrease. By SFY ‘10, the decreased growth in providing services in skilled nursing facility settings will bring the total down to **12,342** older adults.
- Overall in SFY ‘04, **19,342** older adults received Medicaid services through these programs. This is an increase of **10 percent** since 1999. By SFY ‘10, based on this trend, Iowa Medicaid would be providing additional services to **27,549** older adults. If this trend continues, in 5 years there will be a **100 percent** growth in new Medicaid beneficiaries for LTC services with **55 percent** provided in home and community care settings.

- In the past five years, annual increases in expenditures were:
 - **27 percent** for home and community care
 - **5 percent** for nursing facility care
- More than **2,500** nursing home beds have been de-licensed since 1999, including 15 facility closures. The estimated ratio of Iowans over age 65 in nursing facilities equals **65.3:1000** (available beds per Iowans over 65). In 1998, this ratio was **81.5:1000**.
- Over **390** nursing homes now offer multiple levels of care such as Medicare skilled care and assisted living. An increase from approximately 50 in 1999.

Recommendations for the Future

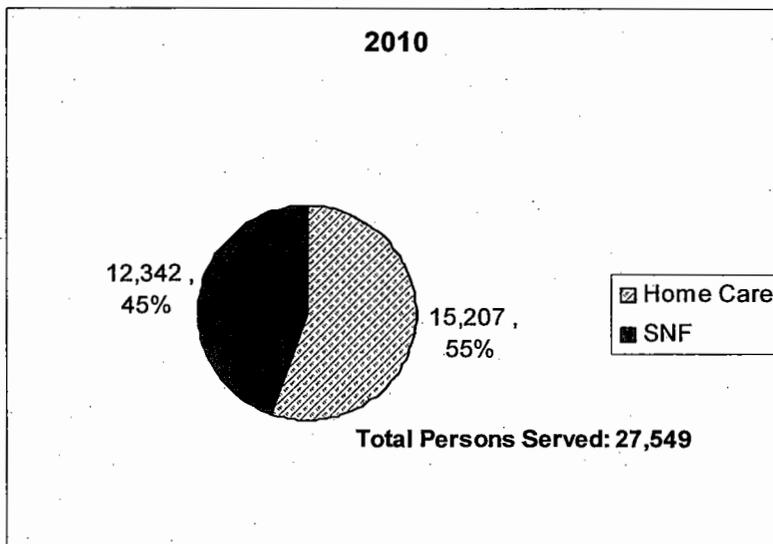
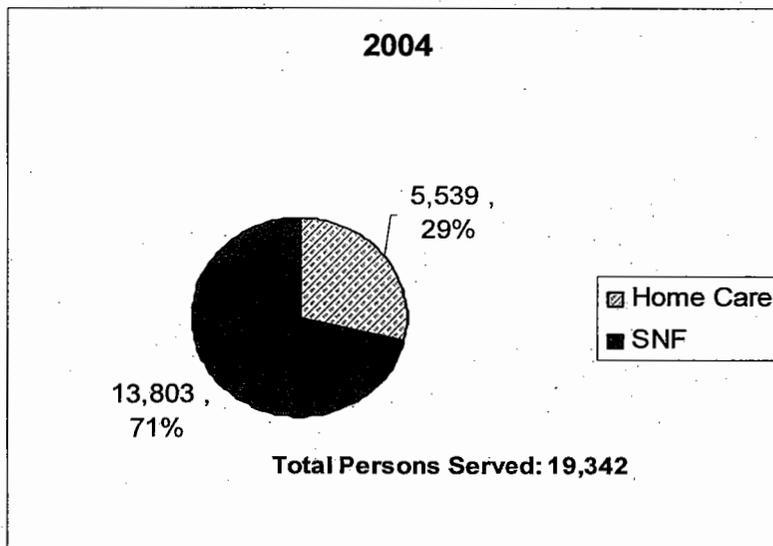
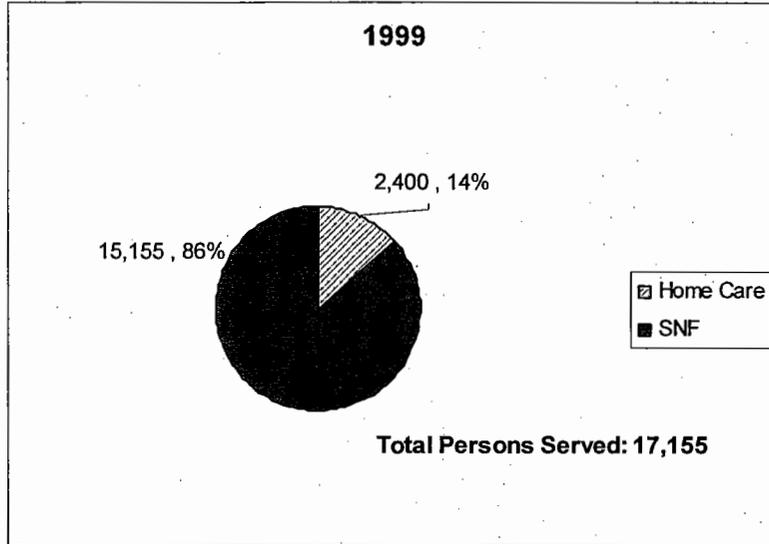
Continue to implement the case-mix reimbursement system that has resulted in the documented progress to date. Funding based on resident acuity directs persons with less acuity to alternative services without mandating where Iowa seniors can live.

Enhance consumer outreach and education about planning for long term care and the options for services available based on level of care. Our experience tells us that Iowans don't know where to start when seeking long term care services. Web-based information and/or a Senior Care Hotline could be considered.

Continue to provide incentives for improving long term care insurance programs and for persons who purchase long term care insurance.

Provide incentives for consolidation of nursing facilities in over-served markets. However, any plan to restrict access to nursing home care should fully consider the impact on quality of and access to services, especially for persons with dementia and acute care needs. Consider the potential loss of facilities and jobs on Iowa's economy.

Where are people receiving LTC services on a daily basis?



Iowa Health Care Association
Iowa Center for Assisted Living



**2004
Legislative
Forum**

Who is IHCA and ICAL?

- ◆ Represent interests of providers (nonprofit and proprietary) serving needs of frail and elderly Iowans within the long term care continuum.
- ◆ Represent 70% of Iowa's nonprofit LTC organizations and 75% of Iowa's for-profit LTC organizations.
- ◆ Our members employ more than 27,000 people who provide quality care to 24,000 frail and elderly Iowans.

Who is IHCA and ICAL?

- ◆ Skilled Nursing Facilities (SNF)
- ◆ Nursing Facilities (NF)
- ◆ Assisted Living Programs (ALP)
- ◆ Senior Housing Communities
- ◆ Residential Care Facilities (RCF)
- ◆ Home and Community Based Services
- ◆ Home Health Care
- ◆ Adult Day Care and Respite Care

Current issues in long term care

- ◆ Medicaid Crisis Intervention Team
- ◆ Rebalancing
- ◆ Legislative priorities
- ◆ Conclusions



Medicaid Crisis Intervention Team

- ◆ Meetings consistently show no easy way to reduce state spending by \$130 million
- ◆ \$130 million reduction in state dollars = \$400 million in provider payments
- ◆ Growth will be driven by increased eligibility and utilization of services
- ◆ DHS excluded any maximization of federal revenue share



Medicaid Crisis Intervention Team

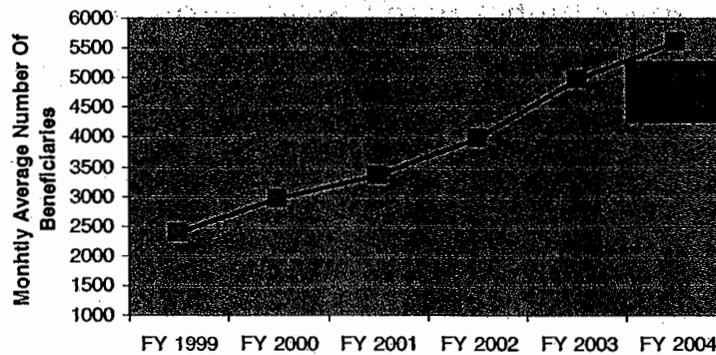
- ◆ DHS projecting LTC spending growth 2 to 3 times higher than historic growth
- ◆ LTC spending growth could be offset by quality assurance fee program

“Rebalancing” long term care

- ◆ Why rebalance? System is working as planned
 - Expansion of alternatives and delivery of home health services growing at rapid pace (see charts)
 - Decrease in nursing facility utilization
 - Increase in acuity in nursing facilities

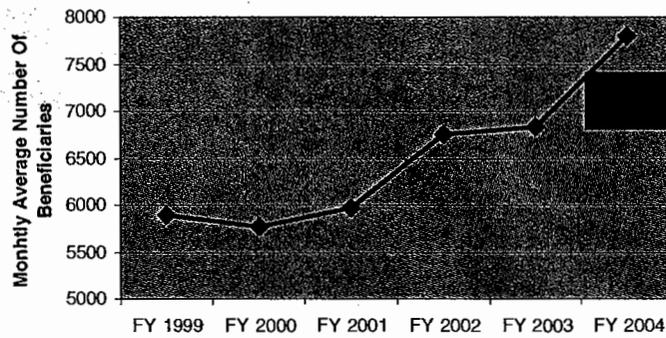
Growth in Elderly Waiver Services

5 Year Change In Elderly Waiver Services



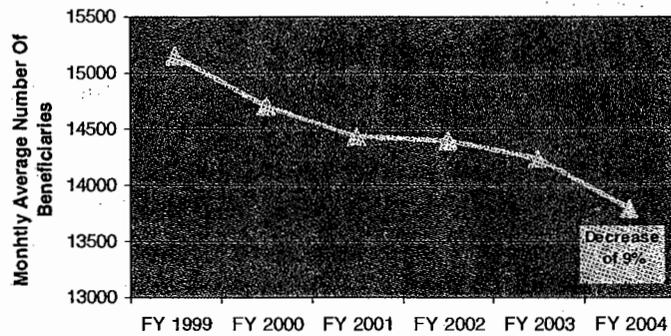
Growth in Home Health Services

5 Year Change In Home Health Services

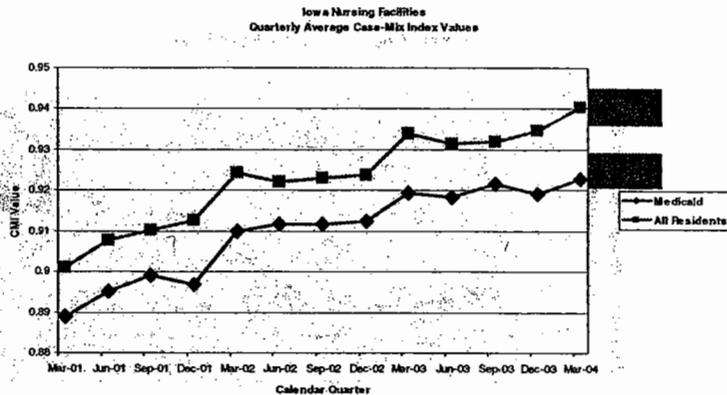


Decrease in Nursing Facility Services

5 Year Change In Nursing Facility Services



Increase in acuity in Nursing Facility residents



“Rebalancing” long term care

- ◆ Why rebalance? System is working as planned
 - Reduce licensed beds
 - 85% occupancy limitation saved reimbursement system \$5.1 million in FY 2004 (and every year after)
 - From 2002 to 2004 approximately 70 providers reduced licensed capacity with more to come
 - Since 1999 there have been 15 providers close their doors. (8 since implementation of new payment system)

“Rebalancing” long term care?

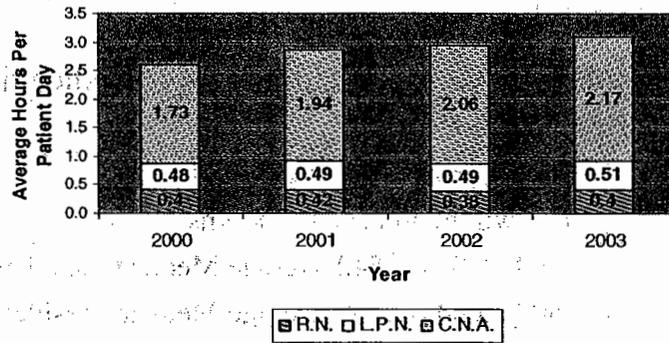
- ♦ Why rebalance? System is working as planned
 - Increase Medicare Utilization – Medicaid as payor of last resort
 - Only 41 providers not certified
 - Most will be in next 12 months
 - March 2001 = 1542 average Medicare residents
 - March 2004 = 2207 average Medicare residents

“Rebalancing” long term care?

- ♦ Why rebalance? System is working as planned
 - Direct care staffing hours have increased
 - Direct care wages have increased
 - Direct care wages and benefits have grown by \$60 million since 2001
 - Temporary staffing in 2003 lowest since 1998

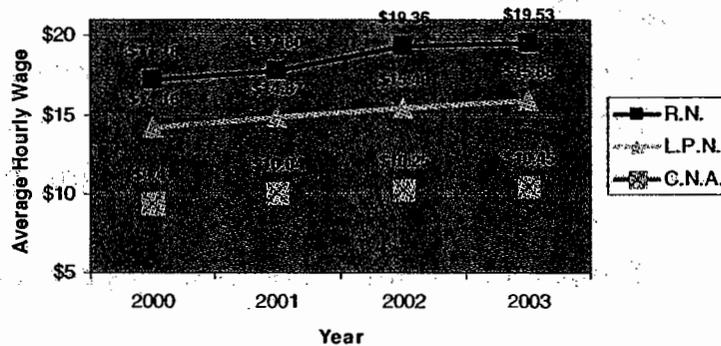
Increase in Direct Care staffing

Changes In Direct Care Staffing



Increase in Direct Care wages

Changes In Direct Care Wages



“Rebalancing” long term care?

- ◆ NF utilization decreasing by approximately 2% per year
- ◆ Continued expansion of alternatives will increase eligibles
- ◆ Continued expansion of alternatives will increase utilization of all services

Medicaid utilization shift

Year	NF	Wahner	% Change	Total	% Change
1994	15749	67		15816	
1995	15696	267	299%	15963	1%
1996	15607	715	168%	16322	2%
1997	15383	1259	76%	16642	2%
1998	15274	1798	43%	17072	3%
1999	15155	2400	33%	17555	3%
2000	14700	2970	24%	17670	1%
2001	14429	3362	13%	17791	1%
2002	14168	3990	19%	18158	2%
2003	14146	4978	25%	19124	5%
2004	13803	5539	11%	19342	1%
5 year Average Change		-2%	18%		2%
2005	13,548	6,554		20,102	
2006	13,298	7,756		21,054	
2007	13,052	9,178		22,230	
2008	12,811	10,860		23,671	
2009	12,575	12,851		25,426	
2010	12,342	15,207		27,549	
2011	12,114	17,995		30,109	
2012	11,891	21,293		33,184	
2013	11,671	25,197		36,868	
2014	11,455	29,616		41,071	

LTC system progress

- ♦ In SFY '04, **5,539** Iowans over 65, received services through the elderly waiver home and community based waiver program
 - An **43%** increase since 1999
 - An average increase of **18%** a year
 - By SFY '10, this growth Iowa Medicaid will be providing services to **15,207** older adults

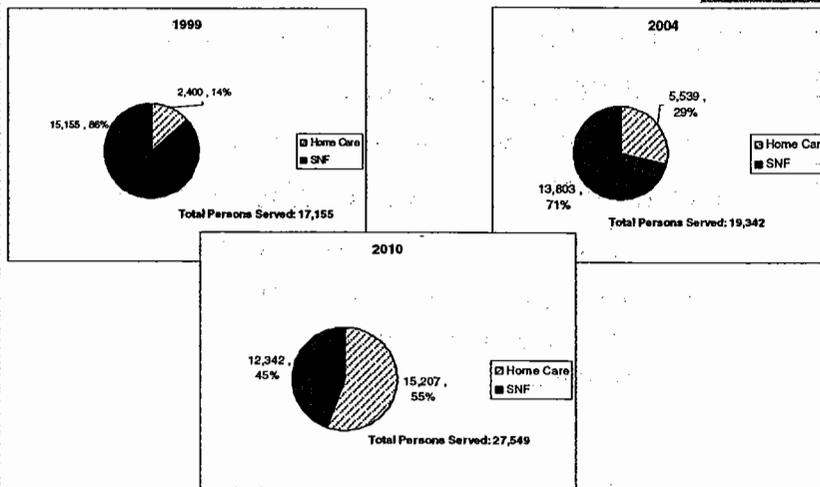
LTC system progress

- ♦ In SFY '04, **13,803** older adults received services daily in skilled nursing facilities
 - A **9%** decrease since 1999
 - Reflects a **-2%** annual decrease
 - By SFY '10, this decreased growth in providing services in the skilled nursing facility setting will bring the total down to **12,342** older adults

LTC system progress

- ◆ Overall in SFY '04, **19,342** older adults received Medicaid services through these programs
 - An **10%** increase since 1999
 - By SFY '10, based on this trend, Iowa Medicaid would be providing additional services to **27,549** older adults
 - If trend continues, in 5 years there will be a **100%** growth in new Medicaid beneficiaries for LTC services with **55%** provided in home and community care settings

LTC system progress

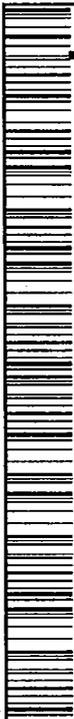


LTC system progress

- ◆ In the past five years, annual increases in expenditures were
 - 27% for home and community care
 - 5% for nursing facility
- ◆ 2,500+ nursing home beds have been de-licensed since 1999, with 15 actual nursing home closures.
- ◆ The estimated ratio of Iowans over age 65 in nursing facilities equals 65.3:1000 (available beds per Iowans over 65). In 1998, ratio was 81.5:1000.
- ◆ Over 390 nursing homes now offer multiple levels of care. (Up from approximately 50 in 1999.)

Legislative priorities

- ◆ Maintain Medicaid reimbursement methodology as designed
 - Predictable and sustainable payment system
- ◆ Revise HCBS waiver reimbursement
 - Based on LTC uniform assessment
 - Tiered payment with urban/rural differential
 - Streamlined through HCBS – not Senior Living Trust Fund



Legislative priorities

- ◆ Proposed language changes to dependent adult abuse regulations
 - Reinstate 24-hour tightening
 - Carve out certain institutions
 - Strike vague and narrow definitions
- ◆ Nonprofit property tax
 - Revenue source not consideration for assessment and taxation



Legislative priorities

- ◆ Maintain assisted living as social model
 - Limit legislation and rules that increase regulation of assisted living programs
- ◆ Support development of LTC insurance tax credit

Conclusions

- ◆ **Medicaid Crisis Intervention Team**
 - Difficult task for team
 - Impossible to make significant changes without inflicting significant pain

Conclusions

- ◆ **Rebalancing**
 - The system is working as designed
 - Growth in alternatives are serving "new" beneficiaries



Conclusions

- ◆ Legislative priorities
 - Maintain payment systems



Conclusions

- ◆ Let's work together to sustain a LTC system that continues to meet the needs of Iowans who need our help the most.

If you have any questions related to long term living, please contact Steve Ackerson or Cindy Haverkamp at

800.422.3106 or 515.327.5020

steve.ackerson@iowahealthcare.org

cindy.haverkamp@iowahealthcare.org